

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
04-002

2. STATE
Washington

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
Jan. 1, 2004

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. January through June 2004 (\$44,300)

b. July 2004 through June 2005 (\$88,850)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 3 to Attachment 3.1-A

Pages 1, 4, 8 & 9

Attachment 4.19 B, page 59 (P41)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Supplement 3 to Attachment 3.1-A

Pages 1, 4, 8 & 9

Washington (04-002)

approved: 05/24/04
effective: 01/01/04

10. SUBJECT OF AMENDMENT:

PACE Reimbursement Rates

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Exempt

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

Department of Social and Health Services
Medical Assistance Administration

13. TYPED NAME:

DENNIS BRADDOCK

Ann Myers

14. TITLE:

Secretary

POB 45533

15. DATE SUBMITTED:

3-31-04

925 Plum St SE MS: 45533

Olympia, WA 98504-5533

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

APR - 1 2004

18. DATE APPROVED:

MAY 24 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN - 1 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Karen S. O'Connor

22. TITLE:

Associate Regional Administrator

23. REMARKS:

Division of Medicaid &
Children's Health

PAI changes authorized by the state
on 5/12/04.

State of: Washington

Name and address of State Administering Agency, if different from the State Medicaid Agency:

The State Medicaid Agency will limit the number of PACE enrollees to 300.

I. Eligibility

 The State determines eligibility for PACE enrollees under rules applying to community groups.

A. The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations. The applicable groups are:

(If this option is selected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

B. The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II C – Compliance and State Monitoring of PACE)

C. X The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

TN# 04-002
Supercedes
TN# 01-011

Approval Date: **MAY 24 2004**

Effective Date: 01-01-04

State of: Washington**Regular Post Eligibility**

2. _____ 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a) **42 CFR 435.735**--States using more restrictive requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1. _____ The following standard included under the State plan (check one):

- (a) _____ SSI
(b) _____ Medically Needy
(c) _____ The special income level for the institutionalized
(d) _____ Percent of the Federal Poverty Level: _____ %
(e) _____ Other (specify): _____

2. _____ The following dollar amount: \$ _____

Note: If this amount changes, this item will be revised.

3. _____ The following formula is used to determine the needs allowance:

Note: If the amount protected for PACE enrollees in item 1 is **equal to, or greater than** the maximum amount of income a PACE enrollee may have and be eligible under PACE, **enter N/A in items 2 and 3.**

(B.) Spouse only (check one):

1. _____ The following standard under 42 CFR 435.121:

2. _____ The Medically needy income standard

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State of: Washington

D. Monitoring of Corrective Action Plans: The State assures it will monitor the effectiveness of corrective actions required to be taken by the PACE organization.

III. Rates and Payments

- A. The State assures HCFA that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.

Rate Methodology

Actual fee-for-service data for calendar year 2001, after comparison with calendar year 2000 data and adjusted, was trended forward by adding the various vendor rate increases authorized by the legislature. Data was initially arrayed based on gender, age in 10-year increments, Medicare eligibility (Medicaid only and dual eligibility) service program (nursing home or HCBS) and service type (acute and long-term care). Only services received by persons eligible for nursing facility services or HCBS, residing in King County, age 55 and over were included in the base data.

The following four groups, as approved by CMS, will be used to determine payment for PACE:

Medicaid Eligible Only, age 64 and under;
Medicaid Eligible Only, age 65 and above;
Medicaid & Medicare Eligible, age 64 and under;
Medicaid & Medicare Eligible, age 65 and above.

1. X Rates are set at a percent of fee-for-service costs
2. ____ Experience-based (contractors/State's cost experience or encounter data)(please describe) – See Rate Methodology above
3. ____ Adjusted Community Rate (please describe)
4. ____ Other (please describe)

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Supercedes
TN#01-011

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State of: Washington

- B. X The rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.
Actuary, Tim Barclay, from Milliman USA, Incorporated, 1301 Fifth Avenue, Suite #3600, Seattle, WA 98101-2605 is responsible for determining the rates to be reasonable and predictable.
- C. X The State will submit all capitated rates to the CMS Regional Office for prior approval.
- A. IV. Enrollment and Disenrollment: For both State Medicaid Agencies and State Administering Agencies, the State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month. In cases where the State Medicaid Agency is separate from the State Administering Agency, the State Medicaid Agency assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the two agencies.

Enrollment Process (Please describe):

The State Administering Agency assesses any potential participant including those who are not eligible for Medicaid to ensure that the individual meets the nursing facility level of care. Eligible individuals may enroll any day of the month. The agency will conduct a face-to-face reassessment of PACE clients every twelve (12) months and/or whenever the client's circumstances or physical condition substantially changes. The State Administering Agency may deem eligibility of those individuals, who are determined ineligible at the annual reassessment process, if the individual would be expected to meet the nursing facility level of care requirement within the next six month based on the PACE organization's detailed assessment and recommendations.

TN# 04-022
Supercedes
TN# 01-011

Approval Date: MAY 24 2004

Effective Date: 01-01-04

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: WASHINGTON

XX. Program for All-Inclusive Care for the Elderly (PACE)

- A. The State assures CMS that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan-approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology:

Rate Methodology

Actual fee-for-service data for calendar year 2001, after comparison with calendar year 2000 data and adjusted, was trended forward by adding the various vendor rate increases authorized by the legislature. Data was initially arrayed based on gender, age in 10-year increments, Medicare eligibility (Medicaid only and dual eligibility) service program (nursing home or HCBS) and service type (acute and long-term care). Only services received by persons eligible for nursing facility services or HCBS, residing in King County, age 55 and over were included in the base data. This data was used to set the UPL. To set the rate the data was then adjusted downward to reflect the state's current enrolled PACE population and was further reduced by a percentage amount to assure a savings to the Medicaid program.

As approved by CMS, individual rates are established for the following four groups:

Medicaid Eligible Only, age 64 and under;
Medicaid Eligible Only, age 65 and above;
Medicaid & Medicare Eligible, age 64 and under;
Medicaid & Medicare Eligible, age 65 and above.

1. X Rates are set at a percentage of fee-for-service costs
2. Experience-based (contractors/State's cost experience, or encounter data)(please describe) – See Rate Methodology above
3. Adjusted Community Rate (please describe)
4. Other (please describe)